

Measuring the contribution of specific cultural festival to growth of nigeria's gdp through average tourists spending

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ABSTRACT

Tourists spending behaviours play major role in the potential of cultural festival to create forward linkage with other indicators of the gross domestic product (GDP). This study focused on evaluating tourists spending behaviour on the different types of cultural festivals in Nigeria to determine their direct, indirect and induced effect on each naira of direct sales and number of jobs supported. A total of 9,984 respondents were surveyed across six states (1,664 in each state). We employed Stynes fairly complete micro-computer-based system for estimating economic impacts of recreation and tourism; and the money generating model (MGM) in the data analysis, to estimate the direct and total sales, marginal earning on each naira (income) and employment effects of tourists' spending on state and local government revenues. At $\alpha = 0.79$ we found that earning on each naira of tourist spending at the Igue cultural festival Benin city, the Riye musical festival Abeokuta, the Ofala cultural festival Onitsha, Calabar carnival, Calabar, the Kwagh fir Masquerade festival Makurdi and the Arugungun fishing festival Gusau in that order added 61 kobo, 61 kobo, 62 kobo, 89 kobo, 30 kobo and 30kobo respectively in secondary effect or induced effect. In the same order, the multiplier effect of the spending supported 2 local jobs; 2,700 local jobs; 400 local jobs; 27,000 local jobs; 15 local jobs and 21,850 local jobs respectively in the respective states. The study recommends the need to measure tourists spending within well defined categories to identify not only the kinds of products and services being purchased and the types of businesses directly receiving these funds but to also identify the sectors receiving the spending. This is important as it ties changes in tourists spending to a regional economic model.

Key Words: Tourists Spending, Cultural Festival, Economic Growth

INTRODUCTION

1.1 Background of the study: Cultural events, especially cultural festivals have both economic and social impact on the local economy, the society and sustainable development positively. Consumption of cultural festival in terms of the features that determine tourists spending include the socio - demographic profile, the economic status, and psychological or cultural traits. The level of visitor spending is largely dependent upon the relationship between the perceived quality of the event and the visitors' loyalty. This relationships occurring between the perceived quality of events and their value and the experienced satisfaction and loyalty (Kim, Prideaux, & Chon, 2010), is very critical to the economic importance of cultural festivals.

The economic effects of visitors' spending during cultural festivals in Nigeria are tied to the total value of economic transactions and on the overall level of household income. There are the direct impact, the indirect impact and the induced or secondary impact. The direct impact are felt through the quantity of money injected into the economy of the host community, which are multiplied further, based on linkages of different economic sectors in the area (Salazar, 2012). Thus the direct effects of tourists spending during cultural festivals are the economic changes taking place in other or different economic sectors as a direct result of money injected into direct purchases and inputs (Yoon, Lee & Lee, 2010). The indirect or secondary effect is analyzed in relation to the new money now being spent within the community and their induced impacts (Saayman & Saayman, 2006). Indirect impacts measure the total value of supplies and services supplied to festival-related businesses by the chain of businesses which serve these organizations. Induced effects accrue when festival-related businesses and businesses in the indirect industries spend their earnings (wages, salaries, profits, rent and dividends) in goods and services in the area (Davies, Coleman and Ramchandani, 2013). The total impacts are the sum of direct, indirect and induced effects and are the total of transactions attributed directly to money spent by tourists during cultural festivals in Nigeria.

Inspite of the projected impacts and benefits, there is lack of sufficient knowledge and understanding on some growth indicators. As of the knowledge gap, this study is most concerned with the earning on each naira that was spent and the number of local jobs that were supported in the local economy. The cultural heterogeneity in Nigeria presupposes that tourists spending with cultural festivals and in varying degrees. Thus the challenges therefore is to know by what extra kobo addition does much each find out which cultural festival stimulate economic growth in terms of extra kobo addition on each naira earned from visitor expenditure during the event and by what extent have the event supported job availability.

The study therefore aims at measuring the contribution of specific cultural festival to growth of Nigeria's gross domestic product (GDP) through average level of tourists spending. The research problem therefore is In seeking to realize this all important objective, we endeavored to provide answers to the following research questions;

1. What types of cultural festivals are celebrated across Nigeria?
2. What effect does tourists spending at individual cultural festival have on each naira spent in the local market?
3. To what extent does expenditure at cultural festivals stimulate local jobs?

The research methodology consists of up-to-date survey based analysis of cultural festivals in each of the geo-political zones of Nigeria; and modeling of cultural tourism economics in overall GDP. The model is based on macro realities of socio-ethnic diversity, livelihood, institutions and mobility of economic activities as practiced in the various localities of these fiestas. We employed Stynes fairly complete micro-computer-based system for estimating economic impacts of recreation and tourism; and the money generating model (MGM) in the data analysis, to estimate the direct and total sales, marginal earning on each naira (income) and employment effects of tourists' spending on state and local government revenues.

Statistical summary of all variables was prepared using standard statistical software: Special package for social statistics (SPSS). The research details are given in the sections below.

2.0 LITERATURE REVIEW

Cultural festivals increase local income and employment as a result of increased visitor volume of spending and rising prices (Crompton, 2006). The economic effect of tourists spending largely influence changes in the demand and supply of cultural festivals (Getz, 2012). Huang, Li & Cai, (2010) noted that a continuous rise in standard of living, disposable income, and desire for recreation time increases the demand for cultural festivals. The supply of cultural festivals has also been facilitated by the decreasing marginal production costs associated with festivals (compared with the alternative of high fixed costs of theater and concert facilities). The degree of change in the demand and supply of cultural festival is also reflected in the amount of local employment opportunities; extent of local tourism demand from nonlocal visitors; and the level of place exposure. By implication, change in the demand and supply of cultural festival largely influence aggregate income and employment change in the local economy resulting from the festivals (Iorio & Corsale 2014). A lot of research (Stynes, 2006; Diewert, 2008; Terry, Macy & Owens, 2009) have contend that beyond surplus derived by producers, consumers, or government; the direct impact inherent in the aggregate change in income and employment attributable to the festival also constitutes direct, tangible outcomes accruable to host community such as extra jobs and marginal revenues in business. Analysis of this direct impact often suggests that supporting a festival as a tourism promotion instrument makes for an efficient use of public funds (Bonn & Harrington, 2008; Warnick, Bojanic, Mathur & Ninan, 2011).

Direct impacts measure the rate at which money is injected into the economy of the host community, which are multiplied further, based on linkages of different economic sectors in the area. Direct effects are the economic impacts in different economic sectors that are resulting directly from the money accrued from cultural festivals (Okazaki, 2008). The secondary impacts analyze the added money being spent within the community and include indirect and induced impacts (Smith, 2010). Indirect impacts measure the total value of supplies and services supplied to festival-related businesses by the chain of businesses which serve these organizations. Induced effects accrue when festival-related businesses and businesses in the indirect industries spend their earnings (wages, salaries, profits, rent and dividends) in goods and services in the area (Dwyer, Forsyth & Spurr, 2006). The total impacts are the sum of direct, indirect and induced effects and are the total of transactions attributed directly to expenditures on cultural festivals.

On the basis of this argument, Li, Blake & Cooper, (2011) observed a covariate relationship between consumer surplus (i.e., the difference between the amount the individual is willing to spend on an event and the amount actually spent) and distributional impacts (Crouch, 2011). They observed that the existence of budget constraints on the consumer and resource constraints on the cultural festival suppliers often lead to considerably lower levels of economic impact than implied by standard multiplier studies. Conversely where cultural festivals are treated as traded goods is often accompanied by the promotion of the festival as a tourist attraction and this result to proportionate consumer financial flows (Dwyer & Spurr, 2010).

Government involvement in cultural festivals especially in terms of providing basic cultural needs and supporting cultural infrastructure, such festivals are seen as generators of positive externalities and often time engender public support such that subsidizes entertainment demands and thus stimulate the local economy (Carter & Zieren, 2012).

Public support for cultural festivals generates a local growth dynamics i.e. induces greater local expenditure due to increased consumption, which in turn causes a rise in local income. This flow back often signals to prospective visitors, migrants, and businesses that the destination is rich in cultural amenities and quality-of-life attributes. In this respect, the indirect impact of cultural festival suggests a string of nonmarket effects that may have to be considered, especially in relation to communities that are looking toward the festival as a tool for average support of livelihood.

2.1 Empirical Review

Following the specific economic impact framework on factors that determine consumption of cultural festival; studies conducted independently by Deery & Jago, (2010) and Walker et. al., (2013) found that tourists spending are influenced by the socio - demographic profile, the economic status, and psychological or cultural traits. The level of spending is largely dependent upon the relationship between the perceived quality of the event and the visitors' loyalty (Andersson & Lundberg, 2013). It is the value and experienced satisfaction gained that instigates loyalty (Kim, Prideaux, & Chon, 2010). Study conducted on comparative impact assessment between participant-based and spectator-based cultural events showed that participant-based events generate a larger expenditure per person than the spectator-based events. This potential for generating a larger economic impact (such as: increased expenditures, creation of employment, increase in labor supply, increase in public finances (such as sales tax), increase in standard of living and increase in awareness of the area) comes as a result of greater number attendees and greater media coverage (Myles, Carter & Barrett, 2012).

An empirical analysis of the economic effects of direct expenditure of specific amounts indicates that regional cultural events contribute to revenue growth of local providers of services related to tourists. While the monetary values of regional cultural events vary, the highest value is attributed to cultural events addressed to the tourist segment with uniform interests (Stynes, 2006; Warnick et al., 2011; Iorio & Corsale, 2014).

3.0 RESEARCH METHODOLOGY

Data on tourists' perception and attributes of the different cultural festivals over a six months period as well as for modeling of cultural tourism economics in overall GDP, was done using cross sectional survey design. The test scope include the Igue cultural festival in Benin Edo State during 1st to 14th December period, the Calabar Carnival celebrated during November/December period, the Riye Gateway Musical festival in Abeokuta Ogun State during 16th to 18th December period, the Ofala Festival in Anambra/Enugu during December period, the Arugungun Fishing Festival in Kebbi State during February/March period, and the Kwagh-Hir Masquerade festival in Tiv Land Benue State during 26th December to 1st January period. Actual number of questionnaires produced and distributed was 10,080 (1,680 in each of the six states). However a total of 9,984 questionnaires were duly collated for subsequent analysis (average of 1,664 questionnaires in each of the six states and 416 copies collated by each of the 4 field assistants). The questionnaire construct was tailored specifically to (1) the tourists, (2) the local entrepreneur and (3) the State/government officials/Expert opinions audience/groups (average of 554 questionnaires for each audience group in each of the six states). Data from these groups did not only provide concise knowledge about the type and nature of the festivals but gave insight to cultural festivals that could actually and relevantly make direct, indirect and induced contribution to the gross domestic product (GDP) in term of marginal earning and job support.

3.1 Data Analysis

The Stynes (1997) model for evaluating economic growth was predominantly employed in the data analysis. Data collected were used to

- Estimate the change in the number and types of tourists to the region
- Estimate average levels of spending (often within specific market segments) of tourists in the local area.
- Apply the change in spending to a regional economic model or set of multipliers to determine the secondary effects.

Stynes (1997) model for assessing economic growth is generally given below

$$\text{Economic Impact of Tourist Spending} = \text{Number of Tourists} * \text{Average Spending per Visitor} * \text{Multiplier} \text{ (Stynes 1997)}$$

While the construction and operation of tourist facilities also has economic impacts, we restrict our attention here to the impacts of visitor spending. The economic impact of visitor spending is typically estimated by some variation of the following simple equation:

Direct impact (I_d) on income (i.e. extra earning on each naira spent)

$$I_d = S_v \times I \dots \dots \dots (1)$$

Where S_v = visitor spending and I = direct coefficient for income

This indicates by how much money (from the money spent by visitors on final products and services) was the increase in earning (on each local product and service offered).

Total impact (I) on income

$$I = S_v \times m \dots \dots \dots (2)$$

Where m = income multiplier effect

Total impact on income includes the increase in gross profit on all levels of the production and service chain.

Indirect impact on income

$$I_i = I - I_d \dots \dots \dots (3)$$

Indirect increase in income includes gross profit for all suppliers of intermediate products, i.e. on all levels of the production chain, except the final round.

Direct impact on employment;

$$E_d = \sum S_v \times e \dots\dots\dots(4)$$

Where S_v = visitor spending and e = direct coefficient for employment

Direct impact on employment shows how many jobs were created (e.g. in hotels, restaurants, stores, etc) in order to satisfy the higher demand for final products and services.

Total impact on employment

$$E = \sum S_v \times m_e \dots\dots\dots(5)$$

Where m = employment multiplier effect

Total impact on employment includes new jobs created on all levels of the supplies to cultural festivals value chain (expressed in the full-time equivalent).

Indirect impact on employment;

$$E_i = E - E_d \dots\dots\dots(6)$$

Indirect impact on employment consists of the number of jobs created by suppliers of intermediate products, meaning on all levels of the festival value chain, except the final round.

Given that the intended hypothesis for testing are

H_0 : Tourists spending at specific cultural festival does not contribute to Nigeria economy

H_A : Tourists spending at specific festivals contribute to Nigeria economy

Table 1

Cultural festival Visitors' spending impact

Description	Dominant Age Range/ (%)	Actual Number of Dominant Age Range	Ave. Annual Income (₦)	Total Spend on festival (₦)	Income Multiplier	Total Sales (₦)	Sales Multiplier
Benin	47 - 68yrs (62%)	1,044	1,275,000	100,000	0.08	64,559.95	1.61
Ogun	35 - 55yrs (54%)	909	1,100,000	166,670	0.06	81,525.35	1.61
Anambra	50 – 72yrs (59%)	994	1,100,000	75,000	0.07	59,160.03	1.62
Calabar	25 - 55yrs (72%)	1,212	1,100,000	112,500	0.1	92,200.65	1.89
Benue	44 - 58yrs (56%)	943	1,375,000	66,670	0.05	50,491.30	1.3
Kebbi	35 - 66yrs (49%)	825	1,375,000	112,500	0.09	50,420.50	1.3

***the money generating model approach (Stynes and Rutz 1995).

Table 2

IGUE CULTURAL FESTIVAL BENIN CITY EDO STATE

Economic Measure	Direct effect (₦)	Ratio Multiplier	Total effect (₦)
Sales	64,559.95	1.61	103,941.52
Income	1,275,000	0.08	102,000
Others (Jobs etc)	250	0.006	1.5

Multiplier Formulas

Visitor Spending = ₦100,000

Capture Rate = Direct sales / Visitor spending (64.56% = 64559.95 / 100000),

Direct sales effects = Visitor spending X capture rate (₦64,5605 = 100000 * 64.56%)

Ratio Multipliers (Table 3)- multiply by the direct effects column to get total effects.

Sales multiplier = total sales/direct sales (1.61= 103941.52 /64559.95)

Income multiplier = total income/direct income (0.08 = 102000 /1275000)

Job multiplier = total jobs/direct jobs (0.006 = 1.5 / 250)

Keynesian Multipliers (Response coefficients) multiply by direct sales to get total effects.

Income multiplier = total income/direct sales (102000 / 64559.95 = 1.58)

Job multiplier = total jobs/direct sales (1.5 / 64559.95 = 2.3E-05 jobs per thousands in sales)

Tourist spending multipliers – Multiply these by total tourist spending to get total effects

Income multiplier = total income/tourist spending = $102000 / 100000 = 1.02$

Job multiplier = total jobs/tourist spending = $1.5 / 100000 = 0.000015$ jobs / thousand in spending

Check on spending multipliers

Spending multiplier = Keynesian multiplier * capture rate

Income: $1.02 = 1.58 * 64.56\%$

Jobs: $1.5E-06 = 2.3E-05 * 64.56\%$

In summary, 1,044 tourists that visited Igue Cultural festival in Benin, Edo State (from outside the local area) resulted in ₦100,000 in spending in the local area. 64.56% of the spending was captured by the local economy as local final demand. Each Naira of direct sales added another 61 kobo in secondary effects (mostly induced effects), yielding a total sales effect of ₦103,941.52. Including these multiplier effects, visitor spending added ₦102,000 in income to the regional economy and supported 2 local jobs

Table 3

RIYE MUSICAL FESTIVAL OGUN STATE

Economic Measure	Direct effect (₦)	Ratio Multiplier	Total effect (₦)
Sales	81525.35	1.61	131, 255.80
Income	1,100, 000	0.06	66,000
Others (Jobs etc)	1500	1.8	2700

Multiplier Formulas

Visitor Spending = ₦166,670

Capture Rate = Direct sales / Visitor spending ($48.91\% = 81525.35 / 166670$),

Direct sales effects = Visitor spending X capture rate ($₦81, 525.35 = 166670 * 48.91\%$)

Ratio Multipliers: Multiply these by the direct effects column to get total effects.

Sales multiplier = total sales/direct sales ($1.61 = 131255.80 / 81525.35$)

Income multiplier = total income/direct income ($0.06 = 66000 / 1100000$)

Job multiplier = total jobs/direct jobs ($1.8 = 2700 / 1500$)

Keynesian Multipliers (Response coefficients): multiply by direct sales to get total effects.

Income multiplier = total income/direct sales ($66000 / 81525.35 = 0.81$)

Job multiplier = total jobs/direct sales ($2700 / 81525.35 = 0.03$ jobs per thousands in sales)

Tourist spending multipliers – Multiply these by total tourist spending to get total effects

Income multiplier = total income/tourist spending = $66000 / 166670 = 0.4$

Job multiplier = total jobs/tourist spending = $2700 / 166670 = 0.02$ jobs / thousand in spending

Check on spending multipliers

Spending multiplier = Keynesian multiplier * capture rate

Income: $0.4 = 0.81 * 48.91\%$

Jobs: $0.015 = 0.03 * 48.91\%$

In summary, 909 tourists that visited Riye Cultural festival in Ogun State (from outside the local area) resulted in ₦166,670 in spending in the local area. 48.91% of the spending was captured by the local economy as local final demand. Each Naira of direct sales added another 61 kobo in secondary effects (mostly induced effects), yielding a total sales effect of ₦131,255.80. Including these multiplier effects, visitor spending added ₦66,000 in income to the regional economy and supported 2,700 local jobs.

Table 4

OFALA CULTURAL FESTIVAL ANAMBRA STATE

Economic Measure	Direct effect (₦)	Ratio Multiplier	Total effect (₦)
Sales	59,160	1.62	95,839.20
Income	1,100, 000	0.07	77,000
Others (Jobs etc)	500	0.8	400

Multiplier Formulas

Visitor Spending = ₦75,000

Capture Rate = Direct sales / Visitor spending ($78.88\% = 59160 / 75000$),

Direct sales effects = Visitor spending X capture rate ($₦59, 160 = 75000 * 78.88\%$)

Ratio Multipliers: Multiply these by the direct effects column to get total effects.

Sales multiplier = total sales/direct sales ($1.62 = 95839.2 / 59160$)

Income multiplier = total income/direct income ($0.07 = 77000 / 1100000$)

Job multiplier = total jobs/direct jobs ($0.8 = 400 / 500$)

Keynesian Multipliers (Response coefficients): multiply by direct sales to get total effects.

Income multiplier = total income/direct sales ($77000 / 59160 = 1.3$)

Job multiplier = total jobs/direct sales ($400 / 59160 = 0.007$ jobs per thousands in sales)

Tourist spending multipliers – Multiply these by total tourist spending to get total effects

Income multiplier = total income/tourist spending = $77000 / 75000 = 1.03$

Job multiplier = total jobs/tourist spending = $400 / 75000 = 0.005$ jobs / thousand in spending

Check on spending multipliers

Spending multiplier = Keynesian multiplier * capture rate

Income: $1.03 = 1.3 * 78.88\%$

Jobs: $0.006 = 0.007 * 78.88\%$

In summary, 994 tourists that visited Ofala festival in Anambra State (from outside the local area) resulted in ₦75,000 in spending in the local area. 78.88% of the spending was captured by the local economy as local final demand. Each Naira of direct sales added another 62 kobo in secondary effects (mostly induced effects), yielding a total sales effect of ₦95,839.20. Including these multiplier effects, visitor spending added ₦77,000 in income to the regional economy and supported 400 local jobs.

Table 5

CALABAR CARNIVAL/CULTURAL FESTIVAL CROSS RIVERS STATE

Economic Measure	Direct effect (₦)	Ratio Multiplier	Total effect (₦)
Sales	92,200.65	1.89	174,259.23
Income	1,100, 000	0.1	110,000
Others (Jobs etc)	15000	1.6	24000

Multiplier Formulas

Visitor Spending = ₦112, 500

Capture Rate = Direct sales / Visitor spending ($82\% = 92200.65 / 112500$),

Direct sales effects = Visitor spending X capture rate ($₦92200.65 = 112500 * 82\%$)

Ratio Multipliers: Multiply these by the direct effects column to get total effects.

Sales multiplier = total sales/direct sales ($1.89 = 174259.23 / 92200.65$)

Income multiplier = total income/direct income ($0.1 = 110000 / 1100000$)

Job multiplier = total jobs/direct jobs ($1.6 = 24000 / 15000$)

Keynesian Multipliers (Response coefficients): multiply by direct sales to get total effects.

Income multiplier = total income/direct sales ($110000 / 92200.65 = 1.2$)

Job multiplier = total jobs/direct sales ($24000 / 92200.65 = 0.3$ jobs per thousands in sales)

Tourist spending multipliers – Multiply these by total tourist spending to get total effects

Income multiplier = total income/tourist spending = $110000 / 112500 = 0.98$

Job multiplier = total jobs/tourist spending = $24000 / 112500 = 0.2$ jobs / thousand in spending

Check on spending multipliers

Spending multiplier = Keynesian multiplier * capture rate

Income: $0.98 = 1.2 * 82\%$

Jobs: $0.25 = 0.3 * 82\%$

In summary, 1,212 tourists that visited Calabar Carnival/Cultural festival in Calabar Cross Rivers State (from outside the local area) resulted in ₦112, 500 in spending in the local area. 82% of the spending was captured by the local economy as local final demand. Each Naira of direct sales added another 89 kobo in secondary effects (mostly induced effects), yielding a total sales effect of ₦174,259.23. Including these multiplier effects, visitor spending added ₦110,000 in income to the regional economy and supported 27,000 local jobs.

Table 6

KWAGH HIR MASQUERADE FESTIVAL BENUE STATE

Economic Measure	Direct effect (₦)	Ratio Multiplier	Total effect (₦)
Sales	50,491.3	1.3	65,639
Income	1,375, 000	0.05	68750
Others (Jobs etc)	500	0.03	15

Multiplier Formulas

Visitor Spending = ₦66,670

Capture Rate = Direct sales / Visitor spending ($76\% = 50491.3 / 66670$),

Direct sales effects = Visitor spending X capture rate ($₦50491.3 = 66670 * 76\%$)

Ratio Multipliers: Multiply these by the direct effects column to get total effects.

Sales multiplier = total sales/direct sales ($1.3 = 65639 / 50491.3$)

Income multiplier = total income/direct income ($0.05 = 68750 / 1375000$)

Job multiplier = total jobs/direct jobs ($0.03 = 15 / 500$)

Keynesian Multipliers (Response coefficients): multiply by direct sales to get total effects.

Income multiplier = total income/direct sales ($68750 / 50491.3 = 1.4$)

Job multiplier = total jobs/direct sales ($15 / 50491.3 = 0.0003$ jobs per thousands in sales)

Tourist spending multipliers – Multiply these by total tourist spending to get total effects

Income multiplier = total income/tourist spending = $68750 / 66670 = 1.03$

Job multiplier = total jobs/tourist spending = $15 / 66670 = 0.0002$ jobs / thousand in spending

Check on spending multipliers

Spending multiplier = Keynesian multiplier * capture rate

Income: $1.06 = 1.4 * 76\%$

Jobs: $0.000228 = 0.0003 * 76\%$

In summary, 943 tourists that visited Kwagh Hir masquerade cultural festival in Benue State (from outside the local area) resulted in ₦66,670 in spending in the local area. 76% of the spending was captured by the local economy as local final demand. Each Naira of direct sales added another 30 kobo in secondary effects (mostly induced effects), yielding a total sales effect of ₦65,639. Including these multiplier effects, visitor spending added ₦68,750 in income to the regional economy and supported 15 local jobs.

Table 7

ARUUNGUN FISHING/CULTURAL FESTIVAL KEBBI STATE

Economic Measure	Direct effect (₦)	Ratio Multiplier	Total effect (₦)
Sales	50,421	1.3	65,547.3
Income	1,375, 000	0.09	123750
Others (Jobs etc)	11500	1.9	21850

Multiplier Formulas

Visitor Spending = ₦112,500

Capture Rate = Direct sales / Visitor spending ($45\% = 50421 / 112500$),

Direct sales effects = Visitor spending X capture rate ($₦50421 = 112500 * 45\%$)

Ratio Multipliers: Multiply these by the direct effects column to get total effects.

Sales multiplier = total sales/direct sales ($1.3 = 65547.3 / 50421$)

Income multiplier = total income/direct income ($0.09 = 123750 / 1375000$)

Job multiplier = total jobs/direct jobs ($1.9 = 21850 / 11500$)

Keynesian Multipliers (Response coefficients): multiply by direct sales to get total effects.

Income multiplier = total income/direct sales ($123750 / 50421 = 2.5$)

Job multiplier = total jobs/direct sales ($21850 / 50421 = 0.4$ jobs per thousands in sales)

Tourist spending multipliers – Multiply these by total tourist spending to get total effects

Income multiplier = total income/tourist spending = $123750 / 112500 = 1.1$

Job multiplier = total jobs/tourist spending = $21850 / 112500 = 0.2$ jobs / thousand in spending

Check on spending multipliers

Spending multiplier = Keynesian multiplier * capture rate

Income: $1.125 = 2.5 * 45\%$

Jobs: $0.18 = 0.4 * 45\%$

In summary, 825 tourists that visited Arugungun Fishing/Cultural festival in Kebbi State (from outside the local area) resulted in ₦112,500 in spending in the local area. 45% of the spending was captured by the local economy as local final demand. Each Naira of direct sales added another 30 kobo in secondary effects (mostly induced effects), yielding a total sales effect of ₦65,547.3. Including these multiplier effects, visitor spending added ₦123,750 in income to the regional economy and supported 21,850 local jobs.

4.0 DISCUSSION OF FINDINGS

We focused on economic impact of cultural festival and employed different levels of aggregation in visitor spending categories and economic multipliers. The Keynesian multiplier implicitly indicate that cultural festivals by their respective tourists spending contribute to sales, profits, jobs, tax revenues, and income in an area. Their most direct effects occur within the primary tourism value chain i.e. --lodging, restaurants, transportation, amusements, and retail trade. The secondary effect is explained by their impact on other related sectors of the economy. An economic impact analysis of tourism activity normally focuses on changes in sales, income and employment in a region resulting from tourism activity.

In the analysis, job to sales ratio captured the number of jobs required to produce a given amount of sales (usually expressed in jobs, per million in sales) and this ratios vary considerably from industry to industry. This ratio reflects jobs associated with a mix of direct, indirect, and induced sales. These are jobs resulting from or sustained by the incidence of the cultural festivals. On the other hand, the income to sales ratio captures the total income effects per dollar of total sales. This ratio also varies across industries in a similar fashion as the job ratios. Tourism businesses may convert 50-60% of sales directly to income; while ratios for manufacturing can be much lower (20-40%). Based on the sectors receiving direct, indirect and induced effects of tourism spending, the income ratio associated with tourism spending generally falls between 45% and 55%. This research revealed that among the cultural festivals, there is evidence of unequal distribution of tourists spending. The contribution of tourist expenditure (or consumption) is found in the generation of income for the local businesses (income multipliers) and jobs (employment multiplier). The total effect of tourist spending (exogenous sale that generated a unit of direct income) in terms of the amount in kobo added

to fiscal circulation of the regions shows that the amount of leakages that occurs as a result of tourist expenditure is relatively not significant. In other words, it reveals the dependence of cultural festivals on local production of goods and services in satisfying tourist consumption. It is also evident from the results that secondary effect of tourist expenditure is found to be moderately significant in the number of jobs supported; suggesting that cultural festival is relatively labour-intensive in its peculiarity.

It is pertinent also to point out that “Multiplier” is often employed to capture secondary effects of tourism spending and show the wide range of sectors in a community that may benefit from tourism activities. This research has deep microeconomic implication on decision or public policies regarding the interdependence of cultural tourism activities especially cultural festivals with other businesses, government and residents of the local community.

5.0 CONCLUSION

Cultural festivals provide economic benefits and cost that affect virtually everybody in the community one way or the other. The study provided tangible estimates of the economic interdependencies of visitor spending volume during cultural festivals, direct and indirect impact on income and employment. It also gave a better understanding of the role and importance of cultural tourism in a region’s economy. While tourism activity encompass economic costs, which precludes direct costs incurred by tourism businesses, government costs for infrastructure provided to render better service to tourists, as well as congestion and other costs carried by individuals in the community; it is important to indicate that balanced and objective assessment of both benefits and costs and an understanding of who benefits from tourism and who pays for it should drive the decision on estimating the economic impact of cultural festivals.

5.1 Recommendation

1. We recommend the need for regions to understand the relative importance of their cultural festivals and its contribution to economic activity in the area. Economic impacts are critical consideration in state, regional and community planning and economic development as well as very strategic for festival marketing and management decisions.
2. It is important to restrict the use of multipliers to the respective location, using the same multiplier for different region can be misleading.
3. Further study in which tourists are segmented into distinct subgroups (local customers should be distinguished from visitors from outside the region and day users from overnight visitors) with distinct spending patterns is highly recommended. This will provide more insights to cultural tourism areas requiring distinct policy attention and marketing actions.

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